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LOGISTICS

DRAFT 26 March 1954

SUPPLY

STOCK LEVELS

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1. PURPOSE

This Regulation prescribes authorized stock levels which shall be maintained for support of Agency operations. Guidance is provided regarding the various factors to be considered in maintaining adequate stock levels to meet the appropriate operating condition.

2. DEFINITION

Stock levels are the authorized or directed quantities of material to be maintained on hand and on order in anticipation of issue demands. Levels of expendable material, on which valid consumption or usage data has been obtained, are normally expressed in terms of "days of supply" while levels of nonexpendable material, such as fixed equipment and special items, are normally expressed in terms of fixed quantities by unit of issue. Equipment in use does not constitute a part of stock levels.

3. COMPOSITION OF STOCK LEVELS

Stock levels consist of two essential parts which are:

- a. Stockage objective, the amount of material to be maintained on hand.
- b. "Pipeline time" or "order and shipping time," the average time which elapses between the ordering of material and receipt. Pipeline time varies in accordance with distance from source of supply and other factors.

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Pipeline time has a direct effect on stock levels, but not on stockage objective. The pipeline time expressed in days multiplied by the average daily consumption of the item represents the quantity of that item which should be on order at all times.

4. TYPES OF LEVELS OF SUPPLY

- a. "Safety Levels" are levels of essential material established to ensure continued operations during minor interruption of normal replenishment or unpredictable fluctuations in supply demand.
- b. "Standby Stock Levels" are levels of vital material established when infrequent use would not otherwise justify the establishment of levels, and the lack of which might cause serious consequences. Example: Parts for fire-fighting equipment.
- c. "Seasonal Levels" are levels of material having seasonal use, such as fuel for space heating, winter clothing, etc. Seasonal levels must be given careful consideration in order to have required material available when needed.
- d. "Strategic Levels" are levels specifically authorized or directed to be maintained for stockpiling material for possible future use or as emergency reserves. Strategic levels will not be considered a part of the normal stock levels of depots or stations.
- e. "Operating Levels" are levels established to sustain operations in the interval between the arrival of shipments^{or}/between replenishments. These levels are based on past issue experience and anticipated demands.

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5. BASIC POLICY

Following is the Agency policy concerning establishment and maintenance of stock levels contingent upon availability of funds and storage facilities.

- a. The Chief of Logistics, in coordination with the operating elements, will direct the levels to be established in specialized depots and general depots
- b. Except as otherwise specifically justified by Senior Representatives and authorized by the Chief of Logistics, the stockage objective of field depots will not exceed 180 days' supply.
- c. Except as otherwise specifically justified by Senior Representatives and authorized by the Chief of Logistics, the stockage objective for overseas installations will not exceed 60 days' supply.

- d. Except as specifically justified by the head of a [REDACTED] field installation and authorized by the Chief of Logistics the stockage objective for

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[REDACTED] will not exceed 60 days' supply.

- e. Except as specifically authorized by Senior Representatives, exclusive of operational type items authorized under approved projects, field stations will not establish stock levels for nonexpendable equipment when unit cost exceeds \$50.

- f. Except as specifically authorized by heads of [REDACTED], exclusive of operational type items authorized under approved projects,

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[REDACTED] will not establish stock levels for nonexpendable items when unit cost exceeds \$50.

- g. Depot, Station, and Mission Chiefs, and heads of [REDACTED] will determine "pipeline time" for specific items based on

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experience and forecast. The stock levels for items will vary according to variations in pipeline time. Example: An installation maintains a stockage objective of 60 days' supply of a certain item. The pipeline time is 120 days; therefore, the stock level is 180 days' supply, with generally 60 days' stock on hand and 120 days' stock on order. Senior Representatives will periodically review "pipeline" data used by field depots and stations.

h. Senior Representatives, Chiefs of Missions or Stations, and heads of

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[REDACTED] may authorize establishment of safety levels, standby levels, and operating levels within the limitations of paragraphs 5a through 5g, above.

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